

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
MAY 20, 1997  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on May 20, 1997 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt and Robert F. Vickrey. Member Byron G. Cudmore was unable to attend this meeting.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Kevin Lockhart and Thomas Swoik, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. Member Browder moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Pyatt seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 12:40 p.m.

Board Minutes

Member Pyatt moved **that the Board approve the minutes from the open and closed sessions of the April 22, 1997 regular meeting.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

### Chairman's Report

Chairman Johnson announced the reappointment of Member Pyatt to a three year term commencing July 1, 1997 and the nomination of Member Cudmore to serve as a federal Magistrate Judge. Member Cudmore will relinquish his position with the Gaming Board once he assumes his new position.

Chairman Johnson noted several changes to the agenda: the addition of a request for approval of Edward Duffy as a Key Person of Casino Queen; withdrawal by Empress of its request for initial consideration of a financial guaranty; and, staff status reports on the inauguration of poker play and the hull inspection underway this week at Empress Casino.

Chairman Johnson further noted that due to a number of upcoming owner licensee renewals the Board is considering a two day meeting in June or July. The public will be notified when a decision is made.

### Administrator's Report

Administrator Belletire reported that a review of admissions and patronage information of the past two years (since patron count was retained) which shows the following:

- A decline in patronage, greater than the decline in admission
- An increase in "admissions per patron"
- A decline in the "win per patron"
- A decline in the "win per admission"

In summary, the Administrator noted that patrons coming to riverboats are fewer in number, but are staying longer. In 1995, on average there were 1.68 admissions for each patron. In 1996, this average rose to 1.79 admissions per patron. For the first four months of 1997, the average is 1.90 admissions per patron. From 1995 to the first quarter of 1996 the average of admissions per patron rose 13 percent. Monthly patronage in July of 1995, at 1,439,000. April's patronage was 1,108,000 -- or, 23 percent off the record high.

The Administrator gave an update on the patron survey. He stated that the Board has contracted with the University of Illinois, Survey Research Laboratory ("SRL"), to assist in the patron survey effort. The SRL will assist staff in the final design of the questionnaire, the determination of sample size and in the compilation of survey data. Administrator Belletire stated that staff anticipate implementing the survey in June.

Administrator Belletire summarized the following monthly statistical reports: Adjusted Gross Receipts; Underage Patrons; Cruise Disruptions/Cancellations; Credit Issuance; and, Internal Control System changes. He further reported on a study released by the American Gaming Association ("AGA"), entitled Economic Impacts of Casino Gaming In the United States, Volume 2.

### Owner Licensee Items

ROCK ISLAND BOATWORKS, INC. ("RIBI") - Ron Wicks, representing RIBI, requested renewal of RIBI's owner's license. Mr. Wicks emphasized RIBI's commitment to retaining a national gaming consultant firm to analyze RIBI's investments in the upcoming year. Mr. Wicks also emphasized that RIBI is committed to its employees and the City of Rock Island.

Administrator Belletire stated that staff raised various concerns with RIBI staff. The Administrator noted staff concerns regarding distributions to ownership and a use tax audit conducted by the Department of Revenue. He further commented that RIBI has made no major investments or significant capital improvements in its property in the past two years. He noted that whether or not RIBI gained legislative relief on cruising requirements, IGB staff believe the licensee must initiate major investments in the coming year in order to enhance the viability of this operation. He noted also the high turnover among management personnel employed by Casino Rock Island.

Member Browder moved **that the Board approve Rock Island Boatworks' application for renewal of its owner's license. In renewing the license, the Board orders the following:**

- 1. Rock Island Boatworks, Inc. ("RIBI") shall make no further cash or non-cash distributions to its shareholders without prior Board approval.**
- 2. RIBI shall make no loans nor shall it invest in other entities without the prior approval of the Administrator.**
- 3. RIBI shall work with staff and provide written evidence of sufficient working cash available to meet ongoing operating needs as well as adequate cash on hand for daily casino operations.**
- 4. Within the next 12 months, RIBI shall develop investment and marketing plans and make capital contributions which demonstrate a commitment to the viability and competitiveness of the license.**
- 5. RIBI shall develop a plan for the retention of key management employees.**

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

HP, INC. ("HP") - Joseph McQuaid, representing HP, Inc., requested a decrease in HP's cash reserve agreement.

Member Pyatt moved **that the Board approve a First Amendment to the Financial Obligation and Licensure Agreement between the Board and HP, Inc. This Amendment authorizes HP to reduce the amount of daily casino cash maintained for the payment of jackpots and other winnings from a minimum of \$200,000 to**

**\$100,000. This amount is to be increased in the event the Board or the Administrator determines that it is not sufficient for daily gaming-related expenditures. This authorization from the Board, however, is subject to final approval by the Administrator pending his review of other matters that require verification.**

**I further move that the Board delegate to the Administrator the authority to execute, on the Board's behalf, this Amendment to the Financial Obligation and Licensure Agreement.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO QUEEN - John Janicik, representing Casino Queen, requested final approval of a line of credit to be entered into with the Bank of America in the principal amount of \$10 million to refinance the current line of credit with Harris Bank & Trust and provide for some additional borrowing capacity.

Member Vickrey moved **that the Board approve Casino Queen's request for a new three year \$10 million revolving line of credit to replace their existing line of credit and term loan. This authorization is subject to the approval by the Administrator upon his review of the final term sheet and definitive documents relating to this new credit facility.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

John Janicik requested approval of Edward Duffy as a Key Person/Owner of Casino Queen.

Member Pyatt moved **that the Board approve Edward Duffy as a Key Person/Owner of Casino Queen.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

#### Supplier Licensees Items

MIKOHN GAMING CORPORATION - William Kunkle, representing Mikohn Gaming Corp., requested renewal of its supplier's license.

Member Browder moved **that the Board approve Mikohn Gaming Corporation's application for renewal of its Supplier's license for a period of four years expiring May, 2001.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

SIGMA GAME, INC. - Fred Lychock, representing Sigma Game, requested renewal of its supplier's license.

Member Browder moved **that the Board approve Sigma Games, Inc.'s application for renewal of its Supplier's license for a period of four years expiring May, 2001.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

### Occupational Licenses

Member Vickrey moved **that the Board approve 87 applications for an Occupational License, Level 2, and 174 applications for an Occupational License, Level 3, and deny 1 application for an Occupational License, Level 2 and 4 applications for an Occupational License, Level 3.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

### Complaints and Disciplinary Actions

Member Pyatt moved **that the Board, having reviewed Staff's reports, issue complaints for disciplinary action against Michele Schuberth and Nelida Soto and revoke their respective licenses.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

### Board Policy Items

LEGISLATIVE UPDATE - Administrator Belletire gave a brief status report. Chairman Johnson asked if there has been any discussion in Springfield on the issue of the Attorney General's ("AG's") opinion on the requirement that four of the original licenses be issued on the Mississippi River and that the Board would have to retain four licenses on the Mississippi. Administrator Belletire clarified that the AG's opinion focused on the question of whether the Gaming Board had the authority to move a license or to authorize a license to change locations. The conclusion was that the Board lacks that authority. The Administrator noted that the question of the number of licenses on the Mississippi River was not the directly issue addressed in this opinion.

In response to a question from the Chairman, the Administrator noted that legislation enacted after May 31, would require an extraordinary majority of votes to become effective immediately.

POKER - Christine Takada, Executive Assistant to the Administrator, reported that the Administrator approved the Internal Control Systems submitted by Hollywood Casino Aurora ("HCA") to institute live Poker. HCA is prepared to begin offering Poker on May 27, pending a dry run scheduled for May 23 with members of staff. HCA will have six tables with a maximum of ten positions at each table on the fourth deck of the City of Lights I. Three games of Poker will be offered: Seven Card Stud, Texas Hold 'em and Omaha.

HULL INSPECTION (Empress) - Joseph Haughey, Deputy Administrator of Enforcement, reported that Empress is currently undergoing a two day "underwater" hull inspection. The Coast Guard granted Empress a 90 day extension on the "dry dock" requirement in order to determine if the new technology is an adequate inspection method.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 1:23 p.m.

Respectfully Submitted,

Susan O. Weber  
Secretary of the Board